

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 867

AN ACT

To amend chapter 324, RSMo, by adding thereto eleven new sections relating to statewide mechanical contractor licenses, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 324, RSMo, is amended by adding thereto eleven new sections, to be known as sections 324.950, 324.953, 324.956, 324.959, 324.962, 324.965, 324.968, 324.971, 324.977, 324.980, and 324.983, to read as follows:

324.950. 1. Sections 324.950 to 324.983 shall be known and may be cited as the "Missouri Statewide Mechanical Contractor Licensing Act".

2. As used in sections 324.950 to 324.983, unless the context clearly indicates otherwise, the following terms shall mean:

(1) "Division", the division of professional registration within the department of commerce and insurance;

(2) "Field employee", any individual who is an employee of a mechanical contractor and is engaged in mechanical work at a jobsite within Missouri;

(3) "Industrial mechanical contracting", work that includes a piece of process refrigeration equipment greater than two hundred tons, a process boiler greater than ten million British thermal units per hour (BTUH), or a process containing radioactive materials;

(4) "License holder", any individual who is granted a statewide mechanical contractor license by the division;

(5) "Local license", a valid business or occupational license issued by a Missouri political subdivision;

(6) "Mechanical contractor", a company engaged in mechanical contracting work per the International Code Council (ICC) and National Fire Protection Association (NFPA).

(a) Such contracting work shall include the design, installation, maintenance, construction, alteration, repair, and inspection of any:

- a. HVAC system;
- b. HVAC duct system;
- c. Exhaust systems;
- d. Combustion air or make up air;
- e. Hydronic piping systems that are part of an HVAC system;
- f. Boilers, water heaters, and pressure vessels;
- g. Process piping systems;
- h. Fuel gas distribution piping;
- i. Fuel gas-fired, fuel, and oil-fired appliances;
- j. Fuel oil piping and storage vessels;
- k. Fuel gas-fired and fuel oil-fired appliance venting systems;
- l. Equipment and appliances intended to utilize solar energy for spa heating or cooling;
- m. Domestic hot water heating, swimming pool heating, or process heating;
- n. Refrigeration systems, including all equipment and components thereof;
- o. Backflow preventers;
- p. Medical gas piping;
- q. Air, oxygen, and vacuum piping; and
- r. Chillers and cooling towers.

(b) Notwithstanding the provisions of this section to the contrary, "mechanical contractor" shall not include, and the provisions of sections 324.950 to 324.983 shall not

apply to, the design, installation, maintenance, construction, alteration, repair, or inspection of any:

a. Solid-fuel or gas-fueled hearth appliance, such as wood stoves and fireplaces, including manufacturer specified venting systems, fireplace chimneys, outdoor cooking appliances with manufacturer specified venting systems, outdoor fireplaces, and outdoor firepits;

b. Propane-related equipment for which certification is required by any regulation adopted pursuant to subdivision (3) of subsection 13 of section 323.025; or

c. Fire sprinkler or suppression system.

Additional certification may be required by the division for a particular scope of mechanical work;

(7) "Office", the office of mechanical contractors within the division of professional registration;

(8) "Statewide mechanical contractor license", a valid license issued by the division that allows the mechanical contractor and any of its employees or manufacturers' representatives or subcontractors to practice in any jurisdiction in Missouri regardless of local licensing requirements. Political subdivisions shall not require any member of the work force of a licensed statewide mechanical contractor to obtain an individual occupational license.

324.953. 1. The division shall adopt, implement, rescind, amend, and administer such rules as may be necessary to carry out the provisions of sections 324.950 to 324.983. The division may promulgate necessary rules authorized or as required to explain or clarify sections 324.950 to 324.983 including, but not limited to, rules relating to professional conduct, continuing competency requirements for the renewal of licenses, approval of continuing competency programs, fees, and the establishment of ethical standards of business practice for individuals

holding a license under sections 324.950 to 324.983. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2022, shall be invalid and void.

2. For the purpose of sections 324.950 to 324.983, the division shall:

(1) Establish all applicable fees, set at an amount which shall not substantially exceed the cost of administering sections 324.950 to 324.983; and

(2) Deposit all fees collected under sections 324.950 to 324.983 by transmitting such funds to the department of revenue for deposit to the state treasury to the credit of the Missouri mechanical contractor licensing fund.

324.956. There is hereby created the "Office of Mechanical Contractors" to be housed within the division of professional registration. The division shall:

(1) Employ, within the limits of the funds appropriated, individuals as are necessary to carry out the provisions of sections 324.950 to 324.983, including both administrative and professional staff and legal counsel, with the discretion to hire experts in mechanical contracting to advise the division on technical matters related to mechanical contracting;

(2) Exercise all budgeting, purchasing, reporting, and related management functions;

(3) Conduct investigations to determine compliance with sections 324.950 to 324.983; and

(4) File suit in its own name on behalf of the office to enforce the provisions of sections 324.950 to 324.983.

324.959. 1. The applicant for a statewide mechanical contractor license shall satisfy the following requirements:

(1) Be at least twenty-one years of age;

(2) Provide proof of liability insurance in the amount of one million dollars and post bond with each political subdivision in which he or she will perform work as required by that political subdivision. If a political subdivision requires any license holder to be named on a document, including but not limited to the bond, the license holder of the mechanical contractor shall be allowed to provide services in the political subdivision;

(3) Pass one of the following standardized and nationally offered mechanical assessment tests:

(a) International Code Council; or

(b) Prometric; or

(c) International Association of Plumbing and Mechanical Officials (IAPMO); or

a similar test that is administered by an independent professional testing agency not affiliated with any political subdivision or the state of Missouri and is approved by the division. The applicant shall pay for all costs associated with the examinations;

(4) Complete the application form provided by the division and pay any applicable application fees; and

(5) Have completed seven thousand five hundred hours of verifiable field experience in mechanical contracting work or a bachelor's or further advanced degree in mechanical or civil engineering from an accredited college or university with a minimum of three years verifiable

experience directing and supervising at least one field employee.

2. Any applicant for licensure who holds a local license, or other license authorizing him or her to engage in mechanical contracting, who has seven thousand five hundred hours of verifiable field experience in mechanical contracting work, and who is otherwise eligible for licensure shall be issued a statewide mechanical contractor license. The provisions of this subsection shall apply only to licenses issued by a political subdivision with the legal authority to issue such licenses.

3. Any corporation, firm, institution, organization, or company, or representative thereof, engaging in work involving industrial mechanical contracting shall have in its employ at least one statewide license holder, or a local license holder if the political subdivision requires a local license, for every twenty individuals engaging in mechanical contracting for such work. For all other mechanical contracting work, a corporation, firm, institution, organization, or company, or representative thereof, shall have in its employ at least one statewide license holder, or a local license holder if the political subdivision requires a local license.

4. A statewide mechanical contractor license holder shall represent only one corporation, firm, institution, organization, or company at one time. A mechanical contractor shall have one license holder responsible for offering Missouri based field employees eight contact hours of industry training per year; such mechanical contractor shall be responsible for providing proof of training to the division upon request. In the event of a loss of a license holder, a mechanical contractor shall remain in good standing with the division for six months after notifying

the division of the change in status. Within the six-month period, a new license holder shall be registered with the division. If no license holder is registered within such six-month period, the division shall declare the mechanical contractor inactive.

5. The division may issue a statewide mechanical contractor license to any individual who holds a current and active license to engage in the practice of a mechanical contractor or as a master pipefitter or master plumber issued by any other state, the District of Columbia, or territories of the United States that require standards for licensure, registration, or certification considered to be equivalent or more stringent than the requirements for licensure under sections 324.950 to 324.983.

6. Where the contact information of a mechanical contractor's employees is required to fulfill the obligations of a license, such contact information shall be considered a trade secret and therefore not a public record under chapter 610.

324.962. 1. Political subdivisions shall not be prohibited from establishing their own local mechanical contractor's license but shall recognize a statewide mechanical contractor license in lieu of a local license for the purposes of performing contracting work or obtaining permits to perform work within such political subdivision. No political subdivision shall require the employees of a statewide licensed mechanical contractor or its subcontractors' or manufacturers' representatives to obtain journeyman licenses, apprentice licenses, or occupation licenses that require passing any examination or any special requirements to assess proficiency or mastery of the mechanical trade. The workforce of a mechanical contractor shall be deemed eligible to perform mechanical contracting

work and to obtain permits to perform such work from any political subdivision within the state of Missouri.

2. If a political subdivision does not recognize a statewide mechanical contractor license in lieu of a local license for the purposes of performing contracting work or obtaining permits to perform work within the political subdivision, a license holder may file a complaint with the division. The division shall perform an investigation into the complaint, and if the division finds that the political subdivision failed to recognize a statewide mechanical contractor license in accordance with this section, the division shall notify the political subdivision that the political subdivision has violated the provisions of this section and has thirty days to comply with this section. If after thirty days the political subdivision still does not recognize a statewide mechanical contractor license, the division shall notify the director of the department of revenue, who shall withhold any moneys the noncompliant political subdivision would otherwise be entitled to from local sales tax, as defined in section 32.085, until the director has received notice from the division that the political subdivision is in compliance with this section. Upon the political subdivision coming into compliance with the provisions of this section, the division shall notify the director of the department of revenue, who shall disburse all funds held under this subsection. Moneys held by the director of the department of revenue under this subsection shall not be deemed to be state funds and shall not be commingled with any funds of the state.

3. The provisions of this section shall not prohibit any political subdivision in this state from:

(1) Enforcing any technical code or law contained in this section;

- (2) Requiring a business license to perform mechanical contracting work;
- (3) Issuing mechanical contracting permits;
- (4) Enforcing technical codes of the political subdivision; and
- (5) Inspecting the work of a statewide mechanical contractor.

324.965. There is hereby created in the state treasury the "Missouri Mechanical Contractor Licensing Fund", which shall consist of moneys collected under sections 324.950 to 324.983. The state treasurer shall be custodian of the fund and may approve disbursements from the fund in accordance with sections 30.170 and 30.180. Upon appropriation, moneys in the fund shall be used solely for the administration of sections 324.950 to 324.983. The provisions of section 33.080 to the contrary notwithstanding, moneys in this fund shall not be transferred and placed to the credit of general revenue until the amount in the fund at the end of the biennium exceeds three times the amount of the appropriation from the fund for the preceding fiscal year. The amount, if any, in the fund which shall lapse is that amount in the fund which exceeds the appropriate multiple of the appropriations from the fund for the preceding fiscal year. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

324.968. 1. Licenses shall expire on a renewal date established by the division. The term of licensure shall be twenty-four months. The division shall mail a renewal notice to the last known address of each individual licensed under sections 324.950 to 324.983 prior to the renewal date. Failure to provide the division with the information

required for renewal or to pay the required fee after such notice shall result in the license being declared inactive. The license holder shall not practice until he or she applies for reinstatement and pays the required fees. The license shall be restored if the application for reinstatement is received within two years of the renewal date.

2. In addition to other requirements provided by sections 324.950 to 324.983 and established by the division, in order to renew such license under this section, the license holder shall have at least sixteen contact hours of industry-related training during the previous two-year period.

324.971. Any individual operating as a mechanical contractor in a political subdivision that does not require the mechanical contractor to hold a local license, or who operates as a mechanical contractor in a political subdivision that requires a local license possessed by that individual, shall not be required to possess a statewide mechanical contractor license under sections 324.950 to 324.983 to operate as a mechanical contractor in such political subdivision.

324.977. The statewide mechanical contractor license shall be regulated by the division of professional registration and not a state-appointed licensing board.

324.980. 1. The division may refuse to issue any certificate of registration or authority, permit, or license required under sections 324.950 to 324.983 for one or any combination of causes stated in subsection 2 of this section. The division shall notify the applicant in writing of the reasons for the refusal and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621.

2. The division may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any holder of any certificate of registration or authority, permit, or license required by sections 324.950 to 324.983, or any individual who has failed to renew or has surrendered his or her certificate of registration or authority, permit, or license for any one or any combination of the following causes:

(1) Use of any controlled substance, as defined in chapter 195, or alcoholic beverage to an extent that such use impairs an individual's ability to perform the work of any profession licensed or regulated by sections 324.950 to 324.983;

(2) The individual has been finally adjudicated and found guilty, or entered a plea of guilty or nolo contendere, in a criminal prosecution under the laws of any state or of the United States, for any offense reasonably related to the qualifications, functions, or duties of any profession licensed or regulated under sections 324.950 to 324.983, for any offense involving a controlled substance, or for any offense an essential element of which is fraud, dishonesty, or an act of violence;

(3) Use of fraud, deception, misrepresentation, or bribery in securing any certificate of registration or authority, permit, or license issued under sections 324.950 to 324.983 or in obtaining permission to take any examination given or required under sections 324.950 to 324.983;

(4) Obtaining or attempting to obtain any fee, charge, tuition, or other compensation by fraud, deception, or misrepresentation;

(5) Incompetency, misconduct, gross negligence, fraud, misrepresentation, or dishonesty in the performance of the

functions or duties of any profession licensed or regulated by sections 324.950 to 324.983;

(6) Violation of, or assisting or enabling any individual to violate, any provision of sections 324.950 to 324.983, or of any lawful rule or regulation adopted thereunder;

(7) Impersonation of any individual holding a certificate of registration or authority, permit, or license or allowing any individual to use his or her certificate of registration or authority, permit, license, or diploma from any school;

(8) Disciplinary action against the holder of a license or other right to practice any profession regulated by sections 324.950 to 324.983 granted by another political subdivision, state, territory, federal agency, or country upon grounds for which revocation or suspension is authorized in this state;

(9) An individual is finally adjudged mentally incompetent by a court of competent jurisdiction;

(10) Assisting or enabling any individual to practice or offer to practice any profession licensed or regulated by sections 324.950 to 324.983 who is not licensed or registered and currently eligible to practice thereunder;

(11) Issuance of a certificate of registration or authority, permit, or license based upon a material mistake of fact;

(12) Failure to maintain liability coverage as required for initial licensure;

(13) Violation of any professional trust or confidence;

(14) Use of any advertisement or solicitation which is false, misleading, or deceptive to the general public or individuals to whom the advertisement or solicitation is primarily directed; or

(15) Failure to post bond as required by any local jurisdiction.

3. After the filing of such complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that the grounds provided in subsection 2 of this section for disciplinary action are met, the division may, singly or in combination, censure or place the individual named in the complaint on probation on such terms and conditions as the division deems appropriate for a period not to exceed five years, or may suspend, for a period not to exceed three years, or revoke any certificate of registration or authority, permit, or license issued under sections 324.950 to 324.983.

4. An individual whose certificate of registration or authority, permit, or license has been revoked shall wait three years from the date of revocation to apply for any certificate of registration or authority, permit, or license under sections 324.950 to 324.983. Any certificate of registration or authority, permit, or license shall be issued at the discretion of the division after compliance with all the requirements of sections 324.950 to 324.983 relative to the licensing or registration of the applicant for the first time.

5. The division may file suit to enforce compliance, including the authority to seek injunctions and restraining orders to enjoin any individual from:

(1) Offering to engage or engaging in the performance of any acts or practices for which a license is required upon a showing that such acts or practices were performed or offered to be performed without a certificate of registration or authority, permit, or license;

(2) Engaging in the practice of business authorized by a license issued under a building trades contractor law upon a showing that the license holder presents a substantial probability of serious harm to the health, safety, or welfare of any resident of this state or owner or lessee of real property within this state; or

(3) Refusing to recognize a statewide mechanical contractor license as a valid license within any political subdivision, or requiring journeymen or apprentices to be individually licensed or requiring subcontractors' and manufacturers' representatives, or other members of the contractor's workforce to be licensed for work on residential and commercial jobsites.

6. The division may assess fines for violations of any of the provisions of sections 324.950 to 324.983 in an amount not to exceed five thousand dollars per occurrence upon a judicial or administrative finding of violation of law.

7. The division may compel the production of documents, things, or persons by subpoena.

8. The division may refer any violations of the provisions of any state law or local ordinance relating to the work performed by a license holder to the appropriate state or local official.

324.983. 1. Any individual that knowingly violates any provision of sections 324.950 to 324.983 is guilty of a class B misdemeanor.

2. Any officer or agent of a corporation or member or agent of a partnership or association who knowingly and personally participates in or is an accessory to any violation of sections 324.950 to 324.983 is guilty of a class B misdemeanor.

3. The division may file suit for any violation of sections 324.950 to 324.983 in any court of competent jurisdiction and perform such other acts as may be necessary to enforce the provisions of sections 324.950 to 324.983.